



The Under Secretary of Energy
Washington, DC 20585

January 9, 2003

MEMORANDUM FOR BRUCE M. CARNES
DIRECTOR, OFFICE OF MANAGEMENT, BUDGET
AND EVALUATION/CHIEF FINANCIAL OFFICER

FROM: ROBERT G. CARD *RG Card*
UNDER SECRETARY FOR ENERGY, SCIENCE
AND ENVIRONMENT

SUBJECT: DOE N 413.2, Value Engineering

The Deputy Secretary approved the subject Notice for Publication in the Departmental Directives System on December 30, 2002. The purpose of the notice is to establish and maintain cost-effective value engineering (VE) procedures and processes in accordance with Public Law 104-106, Section 4306 as codified by 41 United States Code 432 and Office of Management and Budget (OMB) Circular A-131.

Per the Notice, in order to establish, coordinate, maintain and document the VE program, the Assistant Secretary for Environmental Management shall be the designated senior management official for all of Energy, Science and Environment and that the EM Director, Office of Project Management be her delegated representative.

Should you have any questions or comments, please contact Eric Knox at 6-7700.

Attachment DOE N 413.2

cc: Jessie Roberson
Jim Rispoli

U.S. Department of Energy
Washington, DC

NOTICE

DOE N 413.2

Approved: 12-30-02
Expires: 12-30-03

Subject: VALUE ENGINEERING

PURPOSE

To establish Department of Energy (DOE) value engineering policy that meets the requirements of Public Law 104-106, Section 4306 as codified by 41 United States Code 432. This law states that each agency shall establish and maintain cost-effective value engineering (VE) procedures and processes. Additionally, Office of Management and Budget (OMB) Circular A-131, Value Engineering, requires that all Federal agencies use VE as a management tool, where appropriate and using a graded approach, to ensure realistic budgets, identify and remove nonessential capital and operating costs, and improve and maintain optimum quality of program and acquisition functions.

POLICY

The requirement is to establish and maintain a VE program that meets the intent and criteria set forth in Public Law 104-106 and OMB Circular A-131 for all Departmental Elements.

To meet this requirement, the Under Secretary for Energy, Science and Environment and the Administrator, National Nuclear Security Administration will:

- Designate a senior management official who has responsibility to establish, coordinate, maintain, and document a viable VE program for programs and projects under their cognizance,
- Develop criteria and guidelines for both in-house personnel and contractors to identify programs/projects with the most potential to yield savings from the application of VE techniques,
- Develop annual plans for using VE to include setting performance goals and to report annually on actual performance compared to goals,
- Ensure that funds necessary for conducting VE efforts are included in annual budget requests,

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All Departmental Elements

INITIATED BY:
Office of Management,
Budget and Evaluation / CFO

- Adhere to the acquisition requirements of the FAR, including the use of VE clauses as set forth in Parts 48 and 52, as modified in any Department of Energy Acquisition Regulation requirements or other Departmental specific guidance, and
- Provide training in VE techniques and practices to Departmental staff responsible for coordinating and monitoring VE efforts and for staff responsible for developing, reviewing, analyzing, and carrying out VE proposals, change proposals, and evaluations.

To support these efforts, the Director, Office of Engineering and Construction Management (OECM), within the Office of Management, Budget and Evaluation / Chief Financial Officer (OMBE/CFO), will establish the minimum requirements for the use of VE during the Department's acquisition of capital assets and real property asset management. OECM will also maintain VE program directives, procedures, and guidance documents for the Department and then coordinate and compile the annual DOE VE progress report that is required by OMB Circular A-131. The DOE program offices have line responsibility and DOE functional offices such as budget, chief information officer, legal, safety, security, and contracting have staff responsibility for effective implementation and documentation of this policy.

CONTACT

Questions concerning this Notice should be addressed to the Office of Engineering and Construction Management, Office of Management, Budget and Evaluation, at (202) 586-1784.

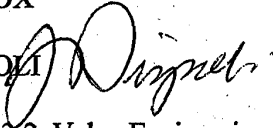
BY ORDER OF THE SECRETARY OF ENERGY:



KYLE E. MCSLARROW
Deputy Secretary

MEMORANDUM

January 6, 2003

TO: ERIC KNOX
FROM: JIM RISPOLI 
SUBJECT: DOE N 413.2, Value Engineering

The Deputy Secretary approved the subject Notice for publication in the Departmental Directives System on December 30, 2002. The purpose of the notice is to establish and maintain cost-effective value engineering (VE) procedures and processes in accordance with Public Law 104-106, Section 4306 as codified by 41 United States Code 432 and Office of Management and Budget (OMB) Circular A-131.

Per the Notice, in order to establish, coordinate, maintain and document the VE program a senior management official shall be designated with responsibility for programs and projects under the cognizance of the Under Secretary for Energy, Science and Environment. Because of the significant potential for VE actions within the Environmental Management (EM) program, I suggest that the Assistant Manager for Environmental Management be the designated senior management official for all of Energy, Science and Environment and that the EM Director, Office of Project Management be her delegated representative.

The Office of Management, Budget and Evaluation/Chief Financial Officer will continue to develop VE policies as well as to take steps to implement the program to ensure the Department meets the requirements of Public Law 104-106 and OMB Circular A 131. We intend to finalize DOE M 413.3, Project Management Manual and DOE O 430.1B, Real Property Asset Management that will provide guidance on VE processes and to initiate work on a VE Information Center and VE Good Practices Guide in the upcoming year.

If you have any questions or comments please feel free to contact me directly at 6-5195.

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DIRECTOR, OFFICE OF MANAGEMENT, BUDGET
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FROM: ROBERT G. CARD 
UNDER SECRETARY FOR ENERGY, SCIENCE
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SUBJECT: DOE N 413.2, Value Engineering

The Deputy Secretary approved the subject Notice for Publication in the Departmental Directives System on December 30, 2002. The purpose of the notice is to establish and maintain cost-effective value engineering (VE) procedures and processes in accordance with Public Law 104-106, Section 4306 as codified by 41 United States Code 432 and Office of Management and Budget (OMB) Circular A-131.

Per the Notice, in order to establish, coordinate, maintain and document the VE program, the Assistant Secretary for Environmental Management shall be the designated senior management official for all of Energy, Science and Environment and that the EM Director, Office of Project Management be her delegated representative.

Should you have any questions or comments, please contact Eric Knox at 6-7700.

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cc: Jessie Roberson
Jim Rispoli